

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF OREGON

In re ) Case No. \_\_\_\_\_  
)  
) NOTICE OF **PRELIMINARY**  
) HEARING ON MOTION  
) FOR USE OF CASH COLLATERAL  
) TO OBTAIN CREDIT  
Debtor(s) ) (Check One)

YOU ARE NOTIFIED THAT:

1. The undersigned moving party, \_\_\_\_\_, filed a Motion For Use of Cash Collateral To Obtain Credit (*check one*). A copy of the motion is attached; and it includes BOTH (i) the statement required by [Local Form #541.7](#), and (ii) the following allegations:

a. The immediate and irreparable harm that will come to the estate pending a final hearing is \_\_\_\_\_.

b. The amount of cash collateral credit (*check one*) necessary to avoid the harm detailed above prior to the final hearing is \_\_\_\_\_.

2. The name and service address of the moving party's attorney (or moving party, if no attorney) are: \_\_\_\_\_.

3. A **PRELIMINARY** HEARING on the motion WILL BE HELD ON \_\_\_\_\_ AT \_\_\_\_\_ IN \_\_\_\_\_.

Testimony will be received if offered and admissible.

4. If you wish to object to the motion, you must do one or both of the following: (1) attend the preliminary hearing; and/or (2) file with the Clerk of Court (i.e., if the 5-digit portion of the Case No. begins with "3" or "4", mail to 1001 SW 5<sup>th</sup> Ave. #700, Portland OR 97204; OR if it begins with "6" or "7", mail to 405 E 8<sup>th</sup> Ave #2600, Eugene OR 97401), a written response, which states the facts upon which you will rely and, if the response is filed within three business days before the hearing, notify the judge's chambers by telephone immediately after filing the document, as required by LBR 9004-1(b). See [Local Form #541.51](#) for details.

5. On \_\_\_\_\_ copies of BOTH this notice AND the motion were served pursuant to FRBP 7004 on the debtor(s); any debtor's attorney; any trustee; any trustee's attorney; members of any committee elected pursuant to 11 U.S.C. §705; any Creditors' Committee Chairperson [or, if none serving, on all creditors listed on the list filed pursuant to FRBP 1007(d)]; any Creditors' Committee attorney; the U.S. Trustee; and all affected lien holders whose names and addresses used for service are as follows:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
(If debtor is movant) Debtor's Address & Taxpayer ID#(s) (last 4 digits)

	)	
<b>In Re:</b>	)	<b>Case No: 14-63530-fra11</b>
	)	
<b>Laura L. Hagenauer,</b>	)	<b>MOTION FOR AUTHORITY</b>
	)	<b>TO USE CASH COLLATERAL</b>
	)	
Debtor(s).	)	
<hr/>	)	

3. The Debtor is the owner of certain pre-petition receivables, inventory, and bank

accounts. Debtor expects total income for October of approximately \$715,874 as set forth on attached Exhibit 1. The IRS has a lien for taxes of approximately \$270,000. Key Bank has a lien on accounts receivable and inventory for approximately \$550,000. Oregon Business Development Department (OBDD) has a lien on receivables, accounts and inventory of approximately \$500,000, Fora Financial Business Loans, LLC (Fora) has a lien on inventory, accounts, and receivables of approximately \$40,000.

As Set forth on attached Exhibit 1, Debtor has need for cash collateral in the amount of \$704,644 for October. This includes expenses for labor of \$60,467 and various taxes, insurance and other necessary expenses as set forth on the attached Exhibit 1.

4. If Debtor is not allowed to use the cash collateral Debtor's operations will cease and the ability to reorganize will be impossible. Debtor proposes that a replacement lien be granted to Key Bank, OBDD and Fora on all accounts receivable dollar for dollar to replace their security interest in the collateral to the extent of pre-petition cash collateral utilized in the pendency of this bankruptcy proceeding.

5. In addition Debtor proposes that the IRS have a replacement lien in the accounts Receivable, inventory and accounts to the extent that Debtor utilizes cash collateral during the pendency of the case. Debtor believes that the Internal Revenue Service is adequately protected by the equity cushion in Debtor's real property and equipment.

Debtors have given written notice of this application to the U.S. Trustee and the attorney for each secured creditor to the extent they are known. In addition debtor has mailed by certified mail a copy of this Motion to an officer or represented agent of each secured creditor, including notice to the IRS, through the US Attorney General, the United States Attorney for the District of Oregon and the IRS Central Office.

WHEREFORE, Debtors request this Court enter an Interim Order in the form of Exhibit A attached hereto, authorizing Debtor's use of cash collateral.

DATED this 30<sup>th</sup> day of September, 2014.

*/s/ Ted A. Troutman*

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Ted A. Troutman, OSB#844470  
Attorney for Debtor

Valley Rolling Corporation  
Operating Forecast  
2014

Description	OCT 2014 Forecast	NOV 2014 Forecast	DEC 2014 Forecast
Material Sales	725,000	725,000	525,000
Labor/Handling Charges	101	101	-
Freight & Pkg. Revenue	2,066	2,066	815
Common Carrier Revenue	8,707	8,707	6,553
Multi-Bldg Item Category Discount	-	-	-
Discounts Allowed	(20,000)	(20,000)	(12,000)
Total Sales	715,874	715,874	520,368
Cost of Sales	0.72	0.72	0.69
Materials	525,000	525,000	360,000
Scrap	2,000	-	665
Freight In	25	25	2,018
Total Material Costs	527,025	525,025	362,683
Gross Profit	188,849	190,849	157,685
	26.4%	26.7%	30.3%
<u>Manufacturing Expenses</u>			
Propane	405	460	539
Wages/Labor	22,034	22,034	22,034
Fringe Benefits	4,485	4,485	4,485
Payroll Taxes	6,772	6,665	3,815
Workers Comp	3,000	3,000	3,000
Supplies			
Packaging	1,534	1,500	1,500
Health & Safety	61	101	24
Power & Electricity	1,326	1,284	1,157
Water & Sewer	198	198	198
Garbage	180	180	180
Gas	200	100	100
Maintenance	1,000	1,000	1,000
Shop Tools	7	403	41
Rent	25,000	25,000	25,000
Misc. Mfg. Expense	916	686	630
Insurance	3,000	3,000	3,000
Property Taxes	4,000	4,000	4,000
Depreciation	140	140	140
Total Manufacturing Expense	74,258	74,236	70,842
%% of Sales	10.4%	10.4%	13.6%

Valley Rolling Corporation  
Operating Forecast  
2014

Description	OCT 2014 Forecast	NOV 2014 Forecast	DEC 2014 Forecast
Total Cost of Sales	601,283 84.0%	599,261 83.7%	433,525 83.3%
Gross Profit	114,591 16.0%	116,612 16.3%	86,843 16.7%
<u>Selling Expense</u>			
Wages & Salaries			
Fringe Benefits	-	-	-
Advertising	800	800	800
Travel - Car	750	900	500
Meals & Entertainment	24	152	-
Travel - Hotel & Air	100	100	100
Cellular Phone - Sales	50	50	50
Total Selling Expense	1,724	2,002	1,450
<u>Administrative Exps.</u>			
Wages & Salaries	24,007	24,007	24,007
Fringe Benefits	5,448	5,448	5,830
Travel - Car			12
Meals & Entertainment	127	-	-
Sales Commission			
Office Expenses	265	600	1,267
Misc. Expenses	-	-	-
Accounting Fees	-	985	-
Professional	2,500	2,500	2,500
Collection Expense	-	-	-
Com/Software Support/Data/Web	727	727	727
Telephone/Admin	717	734	1,448
Cellular Phone/Admin (Prod)	224	224	224
Postage	168	142	212
Data Processing Supplies	-	138	750
Dues & Subscriptions	-	-	-
Health/Safety/Emp. Incentive	500	500	884
Licenses/Permits	-	51	101
Officer's Life Insurance	62	62	62
Service Contracts (Copier, Etc.)	-	1,353	-
Lease/Copier	879	879	879
Security Monitoring	-	167	-
Telephone Sys. Lease (ESI 100)	494	494	494

Valley Rolling Corporation  
Operating Forecast  
2014

Description	OCT 2014 Forecast	NOV 2014 Forecast	DEC 2014 Forecast
Outside Services	1,000	1,000	1,000
Amortization Expense	193	193	193
Total Administrative Exps.	37,310	40,202	40,590
<b>Delivery Expenses</b>			
Wages/Labor	14,426	14,426	14,426
Fringe Benefits	4,125	4,125	4,125
Truck Driver Expense	1,500	1,400	800
Cellular Phone /Truck	48	201	106
Truck Expense	-	-	322
Truck Tracking	337	337	337
Truck Lease	11,000	11,000	11,000
Trailer Expense	2,914	-	1,319
Gas/Fuel	15,000	12,000	9,765
Gas/Fuel (Pickup)	1,600	1,704	1,721
Pickup Expense	34	157	29
H/wy. & Fuel Tax (ODOT Fees)	3,500	2,000	4,000
Freight Expense (Outgoing)	1,500	594	750
Total Delivery Expense	55,985	47,944	48,700
% of Sales	7.8%	6.7%	9.4%
Net Income (Loss) from Operations	19,572	26,465	(3,897)
<b>Other (Income) Exp.</b>			
Bank Charges	750	750	750
Finance Charges	1,609	1,242	367
Discounts Earned	(142)	(142)	(142)
Interest Expense	11,000	11,000	7,500
Commitment Fees			
Vendor Rebate	-	-	-
Interest Income	-	-	-
Placeholder			
Total Other (Income) Expense	13,217	12,850	8,475
<b>Net Income</b>	<b>6,355</b>	<b>13,615</b>	<b>(12,372)</b>
	0.9%	1.9%	-2.4%

Valley Rolling Corporation  
Operating Forecast  
2014

Description	OCT 2014 Forecast	NOV 2014 Forecast	DEC 2014 Forecast
<b>Total Wages &amp; Salaries</b>			
Manufacturing Expenses	22,034	22,034	22,034
Selling Expense	-	-	-
Administrative Exps.	24,007	24,007	24,007
Delivery Expenses	14,426	14,426	14,426
<b>Total Wages &amp; Salaries</b>	<b>60,467</b>	<b>60,467</b>	<b>60,467</b>
<b>% of Sales</b>	<b>8.4%</b>	<b>8.4%</b>	<b>11.6%</b>

P/R Tax as %% of Total Labor

Net Delivery Exp.	47,278	39,237	42,148
Delivery COS %%	6.5%	5.4%	8.0%

YTD Delivery Exp.  
As %% of Sales

**CASH FLOW ADJUSTMENTS**

<b>Net Income (Loss) from above</b>	<b>6,355</b>	<b>13,615</b>	<b>(12,372)</b>
<b>Add Back:</b>			
Depreciation	140	140	140
Amortization	193	193	193
Property Taxes	4,000	4,000	4,000
Rental Expense	25,000	25,000	25,000
Wages to Laura	2,500	2,500	2,500
Wages to Dennis	5,000	5,000	5,000
<b>Payments:</b>			
Key Bank LOC	(4,000)	(4,000)	(4,000)
Mortgage	(11,500)	(11,500)	(11,500)
SBA Loan	(6,427)	(6,427)	(6,427)
OBDF	(4,250)	(4,250)	(4,250)
COG	(1,781)	(1,781)	(1,781)
Property Taxes	(4,000)	(4,000)	(4,000)
<b>Net from Business Operations</b>	<b>11,230</b>	<b>18,490</b>	<b>(7,496)</b>



Valley Rolling Corporation  
Operating Forecast  
2014

Description	OCT 2014 Forecast	NOV 2014 Forecast	DEC 2014 Forecast
<b>Personal Income &amp; Expenses</b>			
Laura Income	2,500	2,500	2,500
Dennis Income	5,000	5,000	5,000
Mortgage	(1,967)	(1,967)	(1,967)
Utilities	(365)	(365)	(365)
Pickup Payment	(1,132)	(1,132)	(1,132)
Maintenance	(225)	(225)	(225)
Medical	(300)	(300)	(300)
Groceries	(240)	(240)	(240)
Gas & Other	(500)	(500)	(500)
<b>Net Personal Activities</b>	<b>2,771</b>	<b>2,771</b>	<b>2,771</b>
<b>Net From All Activities</b>	<b>14,001</b>	<b>21,262</b>	<b>(4,725)</b>

IN THE BANKRUPTCY COURT OF THE UNITED STATES  
FOR THE DISTRICT OF OREGON

In Re:	)	
	)	
LAURA L. HAGENAUER,	)	Case No. 14-63530-fra11
	)	
	)	<b>INTERIM ORDER ALLOWING</b>
	)	<b>DEBTORS TO USE CASH</b>
Debtor.	)	<b>COLLATERAL</b>
_____	)	

This matter came before the court on Debtors' Motion to use Cash Collateral. The Court  
FINDS:

- A. This bankruptcy case was commenced on September 28, 2014 ("Petition Date").
- B. Debtor has cash collateral in bank accounts, receivables, and inventory ("Cash Collateral"). The Cash Collateral is the proceeds of the manufacturing operation ("Debtor's Business").

C. Debtor will suffer immediate and irreparable harm if they are not permitted to use the Cash Collateral.

D. The IRS, Key Bank, Fora Financial Business Loans, LLC (“Fora”), and Oregon Business Development Department (“OBDD”) claim security interests/liens upon the Cash Collateral.

**NOW THEREFORE, IT IS ORDERED** as follows:

1. Debtor is authorized to use Cash Collateral in accordance with the attached Budget (Exhibit 1). Debtor’s authority to use Cash Collateral is limited to the cumulative amounts and uses of cash collateral as set forth in the Budget; together with a 10% variance for each listed budget category and an overall variance of 5%.

2. As adequate protection IRS, Key Bank, Fora, and OBDD shall receive a replacement lien upon all post-petition property of the Debtors of the types held by the secured creditors pre petition including but not limited to accounts receivable, inventory, and accounts. The secured creditors liens on post petition collateral will attach in the same amount and priority as the pre-petition liens. In addition, Debtors will pay monthly adequate protection payments to IRS of \$700 per month, to Key Bank of \$4,000 per month and to OBDD of \$4,250 per month starting October 20<sup>th</sup> and the 20<sup>th</sup> of each month while this Order is in effect.

3. Debtors will provide secured creditors IRS, Key Bank OBDD and Fora with a monthly reconciliation of the actual income and expenses compared to the budgeted income and expenses. The reconciliation will be due on the 10<sup>th</sup> of each month starting in November.

4. Other than the findings above, nothing in this Order shall be construed to (a) prejudice a right of any party in interest (including Debtor) to contest the validity, priority or extent of the liens or security interest of any party in any collateral or in the proceeds thereof, as of, on or after the Petition Date; (b) convert any pre-petition obligations into post-petition obligations; (c) require payment of any obligations on confirmation of a plan of reorganization; (d) alter, improve, limit or impair the rights, if any, of parties claiming to have rights of reclamation against Debtor, or its assets; or (e) enhance the secured position of any creditor as of the Petition Date.

5. The Automatic Stay of § 362 of the Bankruptcy Code is hereby modified as necessary to permit the Secured Creditors to perfect the adequate protection lien granted to them hereunder; provided, however, that Secured creditors shall not be required to record any document with any filing officer or take any other action to perfect such lien, such lien being hereby deemed to be perfected without any such further action.

6. Other than the findings above, nothing contained in this Order shall constitute a determination as to the amount, validity or priority of any pre-petition obligation, security interest or lien and all rights of parties in interest to claim that any pre-petition lien or security interest in Debtors' property is unperfected, unenforceable, invalid or voidable, are reserved. Other than the findings above, nothing in this Order shall constitute an admission or acknowledgement by Debtors that any party has a valid or perfected lien in the cash of Debtors now existing or subsequently received, and the references herein to "Cash Collateral" is without prejudice to all rights, defenses and claims of Debtors to contend that any party does not have a perfected lien or security interest in such cash.

7. This Order will expire on November 20, 2014.

I certify that I have complied with the requirements of LBR 9021-1(a)(2)(A).

# # #

Submitted by:

*/s/ Ted A. Troutman*

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Ted A. Troutman, OSB# 844470  
Of Attorneys for Debtor Laura Hagenauer

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**CASH FLOW ADJUSTMENTS**

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Pickup Payment	(1,132)	(1,132)	(1,132)
Maintenance	(225)	(225)	(225)
Medical	(300)	(300)	(300)
Groceries	(240)	(240)	(240)
Gas & Other	(500)	(500)	(500)
<b>Net Personal Activities</b>	<b>2,771</b>	<b>2,771</b>	<b>2,771</b>
<b>Net From All Activities</b>	<b>14,001</b>	<b>21,262</b>	<b>(4,725)</b>